



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, April 15, 2014

**Witzeman Public Safety Building
8401 E. Indian School Road
Scottsdale, Arizona 85251
APPROVED MINUTES**

PRESENT: David Scholefield, Chairperson
Tom Enders, Vice-Chairperson
Ace Bailey
Carl Grupp
Ren Hirose (arrived at 8:21 a.m.)
Robert McCreary

ABSENT: Camille Hill

STAFF: Steve Geiogamah
Holli Shannon
Paul Katsenes
Ben Moriarty
Cheryl Sumners
Rose Rimsnider

GUESTS: Rachel Pearson, SCVB
Bruce Hernandez, Behavior Research

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:04 a.m. He shared his observations of the last meeting in relation to the Commission's mandate.

2. Approval of Minutes

- March 18, 2014 Regular Meeting

**COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE
MARCH 18, 2014, TOURISM DEVELOPMENT COMMISSION REGULAR MEETING
AS PRESENTED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED**

BY A VOTE OF FIVE (5) TO ZERO (0). COMMISSIONER HIROSE WAS NOT YET PRESENT. COMMISSIONER HILL WAS ABSENT.

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported an 11% year to date increase in the bed tax collections.

b. Bed Tax Proforma

Mr. Geiogamah noted that the proforma changed little from the previous month. He said the Tony Nelssen Equestrian Center art project was approved by City Council last week at \$380,000. City Council also approved refinancing for the Museum of the West. The decision on the TPC is still pending, and will be brought forward as part of the budget process.

Paul Katsenes reported that the Board of the Museum of the West recently elected their officers, and the museum has begun the process of procuring its collection.

c. Smith Travel Report

The Smith Travel Report shows that occupancy was almost flat in January. Revpar is up 8.1% for the year, and the trend has been positive over the past eight months.

d. Program Updates

Mr. Geiogamah said the Charles Schwab Cup has confirmed multiple Scottsdale hotel bookings for their November tournament. The Horses & Horsepower proposal will be presented to City Council at the end of April. The U.S. Polo Association has booked the Valley Ho as their host hotel. He said TDC meeting packets will now be posted online a week prior to each meeting. Staff is working with SCVB staff on reviewing the Smith Travel Reports for FY2014-15.

4. FY2014/15 Event Support Funding Program

Mr. Geiogamah presented the Event Support Funding Program for the upcoming fiscal year. The objectives of the program are to market the destination and fill hotel room nights. Tier level funding is calculated using annual average daily rate to determine the number of room nights per each level. The maximum level of funding for each of the three tiers is \$30,000, \$15,000, and \$5,000. Tier 1 events must meet a 2,854 room night requirement. Tier 2 events must reach 1,427 room nights, and Tier 3 events must generate 476. One change proposed for this year is to accept applications throughout the year using a process similar to that used by the Event Venue Fee Program. One or more TDC Commissioners will join staff in evaluating applications as they come in.

Mr. Geiogamah said the Event Working Group recommended that room nights be included as criteria in the contract. If established thresholds are not met, funding will be

reduced to the next level of funding. Chairperson Scholefield requested data on the methodology staff used to calculate room night tiers. Commissioner McCreary suggested changing the contract language to specify that pay outs will be prorated based on actual performance, if target thresholds are not met. Chairperson Scholefield felt the application and approval process should make reference to TDC participation in some way.

Mr. Geiogamah explained that staff has traditionally relied on room night reports provided by producers, but that event intercept surveys conducted by Behavior Research have helped provide a better understanding of the events. Vice Chairperson Enders questioned whether room night obligations should be based on contracted room nights or attendance. Commissioner Grupp noted the limitations of relying solely on contracted room nights to measure out of town attendance. Survey results can be used to make assumptions on attendance, so long as a defined formula is used.

Mr. Geiogamah said the room night thresholds were set according to the number of room nights required for the City to achieve a return on investment based on the tax rate generated from the average daily rate for the last fiscal year. The thresholds have worked well since they were put in place, and have met with the approval of the City attorney's office. He undertook to ask them to evaluate the merits of a prorated approach instead of an established threshold.

Mr. Geiogamah reported that the Event Working Group recommended that the current program budget of \$180,000 be increased to \$200,000. The difference would come out of the New Event Development Program, leaving \$16,000 available in that fund for the next fiscal year. Other funding sources are also available for new events. The Commission agreed to this recommendation.

CHAIRPERSON SCHOLEFIELD MOVED TO APPROVE THE EVENT SUPPORT FUNDING PROGRAM AS AMENDED TO INCREASE THE PROGRAM BUDGET TO \$200,000, TO PRORATE PAYOUTS, AND TO INCLUDE THE TOURISM DEVELOPMENT COMMISSION IN STEP THREE OF THE EVALUATION PROCESS. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER HILL WAS ABSENT.

Mr. Geiogamah said the changes will be made and the program presented to City Council on June 17.

5. FY2014/15 Community Event Funding Program

Mr. Geiogamah reported few changes to this program, as it has been working well since 2005. Applications will be accepted year-round, like the event tiered program. Staff is requesting a budget increase from \$100,000 to \$180,000 because events currently participating in the tiered program are a better fit in the Community Program. The Tourism Strategic Plan also emphasizes events that build value for the destination. Staff evaluates events using a matrix that measures how well an event meets the love of place components outlined in the Tourism Plan. While most community events can qualify for up to \$15,000 in funding, events can apply for up to \$30,000 in recognition of the events historical and community value. This program does not violate the gift clause

because the City receives marketing value in return for its support. Because these are generally community-based non-profit events, they can receive funding in advance. Commissioner Hirose suggested that the Event Working Group review for any request over \$15,000.

COMMISSIONER BAILEY MOVED TO APPROVE THE COMMUNITY EVENT FUNDING PROGRAM AS AMENDED TO INCREASE THE BUDGET TO \$180,000, AND TO HAVE THE EVENT WORKING GROUP REVIEW ANY REQUEST ABOVE \$15,000. COMMISSIONER GRUPP SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0). COMMISSIONER HILL WAS ABSENT.

Mr. Geiogamah said the changes will be made and the program presented to City Council on June 17.

6. FY2014/15 Scottsdale CVB Destination Marketing Program

Rachel Pearson presented a draft preview of the SCVB Destination Marketing Program for fiscal year 2014/15. Strategic initiatives strive to expand sales and marketing efforts and reach new audiences. Research is important for ensuring that every program is cost effective and targets the right audience. Marketing campaigns are designed to be innovative and high impact in several key target markets. Use of TV commercials on both cable and broadcast channels will be expanded to increase visibility. It is harder to track the effectiveness of TV commercials, so this approach will be tested in one market first.

Ms. Pearson said the SCVB will continue with seasonal campaigns in autumn and winter. More money is being allocated to online programming. The website continues to see enhancements. With Super Bowl coming, the SCVB is spending money to support that program through in-market advertising campaigns to let Valley residents know about the activities they can attend in downtown Scottsdale. The golf marketing campaign will be expanded, and Brandel Chamblee will increase his presence in SCVB activities. The ilovescottsdalegolf.com website will be redesigned.

Ms. Pearson said the SCVB is continuing to focus on several niche sectors including pharmaceutical, medical, insurance, financial, sports, and third party meetings. Meeting planners are encouraged to visit the destination firsthand. The SCVB is looking to increase performance measures in the sales and marketing areas. Measures in the tourism and communications areas will remain flat. Performance measures for communications could potentially be reduced to just tracking travel articles. The operations budget has been increased to cover rent and insurance increases and database enhancements. If any of the expenses turn out to be lower than anticipated, the balance will go directly back into marketing.

Chairperson Scholefield noted that while the focus of Super Bowl activities should be downtown, if another area of the city proposes a great initiative, the SCVB should not be restricted from supporting it.

Ms. Pearson said the SCVB is working with the Arizona Office of Tourism and Sky Harbor Airport to better understand what is happening with air service development, and to understand how the SCVB can provide more support to their efforts. Since their willingness to bring in new flights encompasses more than just tourism, the effort will involve Economic Development and the Greater Phoenix Economic Council.

Mr. Geiogamah said staff recently conducted the City's annual SCVB performance measurements and budget review. The TDC will review the final draft for approval in May, and it will be presented to City Council on June 17.

7. Tourism-Related Capital Projects Evaluation Process

Mr. Geiogamah noted that the TDC provided feedback on the capital projects evaluation tool in February. As tourism-related capital projects are brought forward to the TDC, the tool will be used to evaluate potential funding requests. Chairperson Scholefield identified the need to define what a tourism-related capital project is. He proposed several text modifications to improve consistency. He felt the document should reflect that it is easier to maintain existing markets than grow new ones, and suggested that attractions that rank high in criteria that negatively affect the overall quality of life should be reevaluated first instead of being arbitrarily eliminated.

8. Hospitality Trolley Program Survey

Bruce Hernandez, Senior Vice President of Behavior Research, provided background on the trolley survey, which is being used to evaluate how riders used the trolley, and how valuable and successful they think it was. The intercept interviews were conducted in January, February, and March over various days.

Mr. Hernandez reported that about 58% of trolley riders were out of town visitors. About 26% of all trips were local people going to or from work. Visitors use the trolley for shopping and sightseeing. About 52% of riders were first-timers, and a third of those interviewed were using it more than once. Seventy-three percent of visitors heard about the trolley through hotel concierges. Approximately 85% of riders indicated they would use it again. Nearly 98% of visitors felt the trolley provided a valuable service, and 86% anticipated spending more money in Scottsdale because of it. Many of the riders used other trolley services that linked up with the Day Tripper. A surprising 95% of riders said they would be willing to pay something for the service, though Mr. Hernandez cautioned that that result should be viewed with some skepticism. The typical visitor is over 50 and makes at least \$90,000 per year. Mr. Geiogamah said staff will work with the Transportation Department to evaluate the trolley before presenting a report to the TDC.

Chairperson Scholefield said the TDC should at least consider whether to charge a fee next year. He requested information on the survey's margin of error percentage. Mr. Hernandez cautioned against getting lost in margin of error considerations. The interview coverage was good, and the results indicate the trolley's value. Ridership increased by over 2,000 this season.

9. Mega Event Funding Criteria

Mr. Geiogamah said the Event Working Group recently started developing criteria to identify mega events under the New Event Development Program, such as the Super Bowl or the Final Four. Vice Chairperson Enders said the criteria could include events that request more than \$75,000. Mega events should provide value greater or equal to the amount of funding provided by the City. They should target visitors from outside Maricopa County. The events should not occur annually in the destination. Funds should be used to attract, secure, and support events impacting Scottsdale.

Commissioner Grupp felt the criteria should not restrict the TDC from supporting events that happen annually. Vice Chairperson Enders explained that criterion was included to prevent well established local events from qualifying for the funding, since the money is intended to attract new activity to Scottsdale. The Working Group considered placing attendance requirements on events, but decided to allow for some subjectivity.

Chairperson Scholefield inquired whether an event like the Coachella Valley Music and Arts Festival would fit into the process. Vice Chairperson Enders explained that initially the event would qualify under the New Event Development Program. If it became successful enough to qualify as a mega event, it would not need funding from the City. Mr. Geiogamah said other criteria could include events that engage in a bidding process, or enjoy wide television broadcast exposure. He proposed that to avoid confusion over what constitutes new events, the new event funding program should be renamed simply the Event Development Program.

10. Identification of Future Agenda Items

Chairperson Scholefield requested autumn updates on the Museum of the West and the TPC project. The Commission will also receive updates on the Day Tripper and the SCVB Destination Marketing Guide. Mr. Geiogamah added that the May meeting will include an event funding request from the ESPN FanFest, and approval requests for the Event Development Program and the Venue Fee Program. Potentially May could also include a Fiesta Bowl contract amendment, and an update on the WestWorld Marketing Program. The Parada del Sol is considering moving their parade date up by one week to coincide with Super Bowl week.

11. Public Comment

There were no public comments.

12. Adjournment

The meeting adjourned at 9:45 a.m.